

## CALIFORNIA ALTERNATIVE FUEL VEHICLE INCENTIVES AND LAWS



California is the proud home of seven Clean Cities:

Lancaster	San Francisco
Long Beach	San Joaquin Valley
Oakland	South Bay (San Jose)
Sacramento	

### ***Overview***

California has a wide variety of incentives for alternative fuel vehicles (AFVs). The California Energy Commission (CEC) offers incentives of \$1,000 for certified low emission vehicles (LEVs), and \$1,500 for certified ultra-low emission vehicles (ULEVs). The state offers an income tax credit equal to 55% of the incremental cost of specified new LEVs or the conversion cost of converting a conventional vehicle to a certified LEV. Air Pollution Control Districts in California that have not attained State and Federal air quality standards may collect an annual surcharge of up to \$4 per vehicle as part of the California Department of Motor Vehicles registration fee. These funds are used for projects related to reducing pollution from motor vehicles, including AFV programs and incentives.

Many California utilities are very active in promoting AFVs and offer incentives and rebates for purchases or conversions of AFVs. For example, San Diego Gas & Electric provides up to 50% of the incremental cost to convert a vehicle to compressed natural gas (CNG) or to purchase a factory-produced natural gas vehicle (NGV).

### ***Highlights***

- \$ \$1,000 to \$3,500 state income tax credit for 55% of conversion or incremental costs for certified LEVs - expires December 31, 1995
- \$ The CEC offers incentives of \$1,000 for NGVs that have been certified LEVs; \$1,500 for certified ULEVs
- \$ Up to \$5,000 for the incremental cost of a zero emission vehicle (ZEV) for fleets located in designated Clean Cities
- \$ \$5,000 rebate for purchase of a qualified electric vehicle (EV) from the South Coast Air Quality Management District
- \$ \$200 - \$800 incentives from the Sacramento Metropolitan Air Quality Management District (SCAQMD) for AFVs operating 75% of the time in the Sacramento air district
- \$ \$1,000 incentive from the San Diego Air Pollution Control District for dedicated NGVs or certified LEV conversions through June 1996
- \$ San Diego Gas & Electric provides up to 50% of the incremental cost to convert or purchase a CNG vehicle

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### State Incentives

- \$ Senate Bill (SB) 2600 and SB 1071 allow for a state income tax credit equal to 55% of the incremental cost of specified, new LEVs certified to meet California Air Resources Board (CARB) low-emission requirements. The tax credit also covers 55% of the cost of converting a conventional vehicle to a certified LEV. A total of \$750,000 is allocated for the tax credit program which is scheduled to expire on December 31, 1995. The tax credits cannot exceed \$1,000 per automobile, motorcycle, or two-person passenger vehicle and \$3,500 per heavy-duty vehicle (+5,750 lbs. gross vehicle weight [gvw]). For more information on these tax credits, contact the California State Franchise Tax Board at (800) 852-5711 and request a copy of the form entitled "FTB 3554: *Low-Emission Vehicles Credit*."
- \$ The CEC offers a \$1,000 incentive for NGVs that have been certified as LEVs, while a \$1,500 incentive is available for certified ULEVs. Incentives are not offered to utilities and Federal Government agencies. The incentives are in the form of cash rebates which are distributed by 3 of the California utilities: Southern California Gas Company, Pacific Gas and Electric, and San Diego Gas & Electric. Contact Susan Patterson at (916) 654-4992 for more information about the cash incentives or the income tax credit. You can also contact the CEC Transportation Technology and Fuels Office at (916) 654-4634.
- \$ The CEC, through a pilot grant from the U.S. Department of Energy, will fund a portion of the incremental cost of 40 zero emission vehicles for fleets located in designated Clean Cities. A maximum of \$5,000 will be available per vehicle. Contact Susan Patterson at (916) 654-4992 for additional information.
- \$ The Quick-Charge program of the SCAQMD offers a \$5,000 rebate for the purchase of pre-qualified EVs in the 1996 and 1997 model years. The rebate applies only to EVs sold and operated in the SCAQMD. Other California air districts may opt into the program in the 1997 model year. The program has \$6 million available on a first-come first-served basis. An additional \$1 million will be used to develop corridors that contain recharging infrastructure for EVs. For additional information, contact Kyle Davis at (909) 396-3258.
- \$ The Sacramento Metropolitan Air Quality Management District offers \$200 of M85 (85% methanol) free to public and private owners of flexible fuel vehicles (FFVs) that operate 75% of the time in the Sacramento air district. The Sacramento air district offers incentives of \$200 - \$800 for light- and medium-duty vehicles operating 75% of the time in Sacramento County. The amount of the incentive is based on the exhaust emission category of the vehicle. A total of \$100,000 is available on a first-come first-served basis. The program will end when the funding is depleted. Money is also available for incentives for heavy-duty LEVs. Call Tim Taylor at (916) 386-7042 for more information.
- \$ The San Diego Air Pollution Control District offers a \$1,000 incentive for factory-produced dedicated NGVs or certified LEV conversions through June 1996. A total of \$500,000 is available on a first-come first-served basis. The program is administered by San Diego Gas & Electric. For more information, call Kim Cresercia at (619) 654-1107.

Air Pollution Control Districts (APCDs) in California that have not attained State and Federal air quality standards may collect an annual surcharge of up to \$4 per vehicle as part of the California Department of Motor Vehicles registration fee. These funds are used for projects related to reducing pollution from motor vehicles. Each APCD runs its own program and has a different funding level. Total funding for the entire state is around \$8 million per year. Funds are available to local governments, government agencies, private industry, and research institutions, with a preference for partnerships and coalitions. Most APCDs have formal Request for Proposals (RFPs) at specific times during the year.

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### *State Incentives (cont.)*

Contact your local APCD to request information about its specific program. Ask the APCD to put your name on its mailing list to receive meeting notices, program announcements, and RFPs.

<u>Air Pollution Control District</u>	<u>Contact Person</u>	<u>Phone Number</u>
Imperial County APCD	Miguel Monroy	(619) 339-4314 (619) 339-4606
Kern County APCD	Tom Paxson	(805) 861-2593
Mojave Desert Air Quality Management District	Eldon Heaston	(619) 245-1661
San Joaquin Valley Unified APCD	Jeff Findley John Villeneuve	(209) 497-1075
San Luis Obispo County APCD	Larry Allen	(805) 781-4247
Santa Barbara County APCD	Mahesh Talwar	(805) 961-8922
South Coast Air Quality Management District	Kyle Davis	(909) 396-3258
Ventura County APCD	Scott Johnson Barbara Page	(805) 645-1491 (805) 645-1415

### *Utilities/Private Incentives*

**\$ San Diego Gas & Electric** provides up to 50% of the incremental cost to convert to CNG or to purchase a factory-produced NGV. Approximately \$350,000 is available annually through 1995. Future amounts are subject to budget approval by the California Public Utilities Commission in late 1995. Contact Joe Semerad, Alternative Fuels Marketing Department, at (619) 654-1105 for more information. San Diego Gas & Electric has proposed a lower off-peak rate for electricity used to charge an EV, also subject to approval by the California Public Utilities Commission. For additional information, call Charles Eshelman at (619) 239-7511, extension 1103.

**Los Angeles Department of Power and Water** offers an EV discount of 2.5¢/kilowatt hour (kWh) of electricity. The discount is available for a maximum of 800 kWh per month. This discount rate is being restructured and is likely to change in early 1996. The Los Angeles Department of Power and Water has proposed additional incentives for installing EV charging equipment. For additional information, call Christy Zidonis at (213) 367-0292.

**Pacific Gas and Electric (PG&E)** plans to offer incentives for AFVs pending Public Utilities Commission approval. For information on NGV incentives, contact Joe Garcia, at (415) 973-4162. A special time-of-use rate for electricity for off-peak charging of EVs has been proposed and is subject to approval by the California Public Utilities Commission. Contact Kent Harris at (415) 973-6981 for more information on EV programs. PG&E also offers a publication listing NGV refueling sites entitled, "Quick Reference Guide for Fueling Stations." Call PG&E's alternative fuels hotline at (800) 684-4648 for a copy of the publication for additional information on alternative fuels.

**Sacramento Municipal Utility District (SMUD)** has a discounted off-peak rate of 4.187¢/kilowatt hour (kWh) for electricity used to charge an EV for residential customers. The SMUD also has lower off-peak electricity rates for EV charging for commercial customers. In addition, an incentive program is available from SMUD in which eligible EV owners may receive an attractive rebate for part of the cost of installing electrical charger outlets. Contact Mike Wirsch at (916) 452-3211 for more information.

## *Utilities/Private Incentives (cont.)*

**Southern California Edison** has proposed a special discounted rate for electricity used to charge EVs during off-peak hours. This proposal is subject to approval by the California Public Utilities Commission. For additional information, contact Enid Joffe at (818) 302-8995.

**Southern California Gas Company** offers assistance to fleet operators wishing to purchase and/or convert to NGVs. Program funding levels are uncertain, pending approval by the Public Utilities Commission. Southern California Gas Company produces a directory of financial assistance available in California in the "Clean Fuel Vehicle Funding Opportunities" document. A copy of the publication, or the latest financial assistance information, can be obtained by calling the NGV Hotline at (800) GAS-2000, or contact Rick Price at (213) 244-3679.

## *Laws & Regulations*

Purchases of CNG and liquefied petroleum gas (LPG) as vehicle fuels are taxed by an annual flat sticker tax.

Excise taxes on alcohol fuels, ethanol (E85) and methanol (M85), are reduced to one-half the rate imposed on gasoline, because of their lower Btu content. Legislation adopted in 1993 eliminated the expiration date for this incentive. Neat (100%) alcohol fuels are exempt from fuel taxes. The tax for gasoline is 17¢/gallon.

In 1991, California adopted vehicle and fuels requirements, as well as a "reactivity protocol" for various clean fuels. The plan establishes exhaust emission standards in four progressively more stringent categories:

- Transitional Low-Emission Vehicles (TLEVs)
- Low-Emission Vehicles (LEVs)
- Ultra-Low-Emission Vehicles (ULEVs)
- Zero-Emission Vehicles (ZEVs)

The California Air Resources Board (CARB) requires that, beginning in 1998, 2% of all vehicles sold by major automakers must be ZEVs. By 2003, 10% of sales must be ZEVs.

State law authorizes local governments to assess emission fees to fund vehicle demonstration programs.

1990 legislation allows districts in non-attainment areas to require public and private fleet operators to purchase LEVs and operate them on clean fuels. All passenger vehicles for hire in non-attainment areas are required to use alternative fuels.

The state is required to purchase 25% AFVs as it replaces fleet vehicles.

1991 legislation provides that ownership or operation of a facility selling retail natural gas for motor fuel use to the public is not to be construed as a public utility.

The California Public Utilities Commission is charged with encouraging the state's utilities to develop substantial market penetration of CNG and electric fueled vehicles.

Under law, the Public Utilities Commission may establish special incentive tariffs for refueling electric or CNG vehicles.

A law requests that CARB establish a 40¢/gallon production incentive for liquid fuel fermented in California from biomass resources. However, no funds have ever been appropriated for this incentive.

## ***Laws & Regulations (cont.)***

The CEC has developed the Calfuels Plan, a consumer recharging and refueling infrastructure master plan. As part of this plan, CEC has released a resource guide for AFV infrastructure. Contact Heather Raitt at (916) 654-4735 for a copy.

An Executive Order (W-100-94) increases the percentage of AFVs in state fleets to match those in Federal fleets. The schedule is as follows:

1996	25%
1997	33%
1998	50%
1999	75%

The Executive Order also calls for at least 10% of state fleet purchases to include ULEVs and ZEVs in 1996 and beyond.

Alternative fuel buses will be used as feeder buses between rail passenger services and airports whenever possible.

Fleets of 15 or more vehicles under a single owner in the SCAQMD are required to purchase or replace vehicles with ones that operate on clean-burning fuel. Vehicles must be original equipment manufacturer (OEM) vehicles only, not conversions.

## ***Points of Contact***

### **Lancaster Clean Cities Coordinator**

Susan Barnett (805) 723-6104  
City of Lancaster

### **Long Beach Clean Cities Coordinator**

Paul Smock (310) 570-2052  
City of Long Beach Gas Co.

### **Oakland Clean Cities Coordinator**

George N. Oakes (510) 615-5480  
City of Oakland

### **Sacramento Clean Cities Coordinator**

Ernie Medina (916) 661-5550  
City of Woodland

### **San Francisco Clean Cities Coordinator**

Rick Ruvolo (415) 554-6184  
City and County of San Francisco

### **San Joaquin Valley Clean Cities Coordinator**

Ken Nerland (209) 498-1397  
City of Fresno

### **South Bay (San Jose) Clean Cities Coordinator**

Rita Norton (408) 277-5533  
City of San Jose

**California Energy Commission (CEC)** (916) 654-4634  
Susan Patterson (916) 654-4992

### **Los Angeles Department of Power and Water**

Christy Zidonis (213) 367-0292

### **Pacific Gas and Electric**

Alternative Fuels Hotline (800) 684-4648  
Joe Garcia (NGV incentives) (415) 973-4162  
Kent Harris (EV programs) (415) 973-6981

### **Sacramento Municipal Utility District**

Mike Wirsch (916) 452-3211

### **San Diego Gas & Electric**

Charles Eshelman (619) 654-1103

### **Southern California Edison**

Enid Joffe (818) 302-8995

### **Southern California Gas Company**

NGV Hotline (800) GAS-2000  
Rick Price (213) 244-3679

## CALIFORNIA ALTERNATIVE FUEL VEHICLE INCENTIVES AND LAWS

### *Points of Contact (cont.)*

#### **Metropolitan Planning Organizations**

##### **Southern California Association of Governments**

Jim Gosnell (213) 236-1800

##### **San Diego Association of Governments**

Nan Valerio (619) 595-5300

##### **Santa Barbara County Association of Governments**

Mike Powers (805) 568-2546

##### **Tulare County Association of Governments**

Jim Larson (209) 733-6291

##### **Council of Fresno County Governments**

Clark Thompson (209) 233-4148

##### **Association of Monterey Bay Area Governments**

Nicolas Papadakis (408) 883-3750

##### **Monterey Bay Air District**

Mark Miller (408) 647-9411

##### **Metro Transportation Commission**

Dave Murray (510) 464-7766

##### **San Joaquin County Council of Governments**

Barton Meays (209) 468-3913

##### **Stansislaus Area Association of Governments**

Vince Angelino (209) 558-7830

##### **Sacramento Area Council of Governments**

Gary Keill (916) 457-2264

#### **California State Transportation Contact**

Bill Wilkinson (916) 654-4013

#### **California State Energy Office**

Mike McCormack (916) 654-4652

#### **U.S. Department of Energy**

##### **Regional Support Office**

San Francisco Regional Support Office

Lionel Vera (510) 637-1945

Clara Chun (510) 637-1943

Seattle Regional Support Office

Roxanne Dempsey (206) 553-2155

#### **U.S. Department of Transportation Contacts**

##### **Federal Highway Administration**

Region 9

Bob O'Loughlin (415) 744-3823

##### **Federal Transit Administration**

Region 9

Walt Strakosch (415) 744-3133

#### **General Services Administration**

##### **Regional Fleet Manager**

Region 9

Nathaniel Reed or (415) 744-6067

Greg Herren

#### **U.S. Environmental Protection Agency**

##### **Regional Pollution Prevention Coordinators**

Region 9

Eileen Sheehan (415) 744-2190

Bill Wilson (415) 744-2192